GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:2304
ANSWERED ON:18.03.2002
FIXING OF MINIMUM SUPPORT PRICE
KAMBALAPADU E. KRISHNAMURTHY

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Government are unilaterally deciding to fix the Minimum SupportPrice of various foodgrains against the recommendations of the Planning Commission;

(b) whether Commission for Agricultural Costs and Prices is fixing very low rates for the agricultural products; and

(c) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a) to (c): One of the main objectives of the Government`s price policy foragricultural commodities aims at ensuring remunerative prices to the growers for their produce with a view to encouraging higher investment and production. The Government announces each season the Minimum Support Prices (MSPs) for majoragricultural commodities and organizes purchase operations through public and cooperative agencies such as Food Corporation of India,Jute Corporation of India,Cotton Corporation of India, National Agricultural Cooperative Marketing Federation Ltd. (NAFED) etc.

The Government decide on the support price for various agricultural commoditieson the basis of the recommendations of the Commission for Agricultural Costs & Prices (CACP), the views of the State Governments and Central Ministries including Planning Commission as well as such other relevant factors, which in the opinion of the Government are important for the fixation of MSP. While formulating its recommendations on price policy, the CACP takes into account important factors, viz, cost of production, changes in input prices, input/output price parity, terms of trade etc. While fixing minimum support prices, it is the endeavor of the Government to cover not only the cost of production but also provide for a reasonable margin as an incentive to the farmers to invest and improve production and productivity.